

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

DATA RESEARCH CORP (DRC),	-	
ET. AL.,	-	CIVIL NO. 02-1253 (JAG)
PLAINTIFFS	-	NO. 02-1625 (JAG)
Vs.	-	
SILA M. CALDERON, ET. AL.,	-	RE: DECLARATORY JUDGEMENT
	-	INJUNCTIVE RELIEF AND
DEFENDANTS	-	DAMAGES

Deposition of: (Continuation)

ANIBAL CRUZ PEREZ

Taken on Wednesday, September 17th, 2003, at the Law Offices
of John F. Nevares and Associates, located at 1225 Ponce de
León Avenue, VIG Building Suite 1504, in Santurce, Puerto
Rico.

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11

12 MR. CAMILO K. SALAS: Good morning, Mr. Cruz.

13 DEPONENT: Good morning.

14 MR. CAMILO K. SALAS: We are here to continue your
15 deposition, which we started on August the 18th and you are
16 still under oath.

17 Mr. Bennazar, have you given us all the documents
18 that you were going to give us voluntarily or are there more
19 documents?

20 MR. A.J. BENNAZAR: Well, when say "you" I assume
21 you mean the Department of Education of Puerto Rico. We have
22 provided you following the subpoenas that were given to the
23 different deponents, everything that we have been able to
24 identify that possibly fall under the different categories.

25 The only documents that we have not provided yet

1 but we will provide tomorrow with Mr. Adonay Ramírez are the
2 tally sheets that the people who visited the schools filled
3 out when they were doing the examinations of the schools.
4 There may be a couple of other memos in the office of the
5 Secretary, which we are looking for and may in any way, shape
6 or form, have to do with DRC.

7 But as far as I know, we have provided you with
8 communications between the Department and USAC and the
9 Department and the FCC. We have provided you with the
10 minutes of the meetings on the "Re-Educate" program which I
11 did this morning and we are going to provide you tomorrow
12 with the deposition of Adonay Ramírez the tally sheets that
13 the persons who visited the schools made.

14 I am not aware if Ms. Lynette Molina may have any
15 additional documents. I have a meeting pending with her
16 probably tomorrow afternoon, after I finish with Adonay. As
17 you know, she has been made available to you on the 30th or
18 any day after that may be more convenient for you.

19 She was out of her job for personal reasons for the
20 last two weeks and then she was out of the country. I
21 understand that she is returning to Puerto Rico today. So
22 maybe she may have something in her files. I think I am
23 pretty much done in providing you with what I have been able
24 to find.

25 MR. CAMILO K. SALAS: Are you saying that what we

1 have received comprises all of the documents of the
2 Department of Education related to the issue of the E-Rate
3 funds and the work that DRC conducted in connection with the
4 E-Rate funds?

5 MR. A.J. BENNAZAR: I would not dare to say that it
6 is everything that we have in connection with E-Rate. No,
7 that would be inaccurate. What I am saying is, that this is
8 all that we have found that has to do with the termination of
9 the DRC contract and/or the services that DRC was providing
10 on or about 2001 and the beginning of 2002, contemporaneously
11 with that termination which includes what we provided you
12 with.

13 All the 471 forms and their contracts that are part
14 of those packages which I gave you in a diskette. I gave you
15 literally hundreds and hundreds of pages in that disc.

16 We gave you the memorandum between the Department
17 of Education and USAC and the correspondence between the
18 Department and USAC. I now gave you minutes. I don't
19 pretend that this is all we have regarding E-Rate. I have
20 been able to identify that it is reasonably or conceivably
21 pertinent to this lawsuit using the most liberal approach.

22 MR. CAMILO K. SALAS: The way you see it.

23 MR. A.J. BENNAZAR: The way I see it, of course.
24 If you are aware of any other document that we may have,
25 please let me know. As you may or may not be willing to

1 recognize, during the last 3 weeks I have been trying to just
2 voluntarily provide you with documents as we find them.

3 MR. CAMILO K. SALAS: Who is the custodian in the
4 Department of Education of the balance of the records dealing
5 with E-Rate funds?

6 MR. A.J. BENNAZAR: According to the testimony that
7 has been provided by several witnesses, the custodian of
8 records that have to do with the E-Rate program would be Dr.
9 Carlos Vidal Arbona, who is the gentleman who occupies the
10 position previously occupied by Mr. Anibal Cruz because that
11 is the office where the E-Rate program is overlooked,
12 coordinated or supervised.

13 MR. CAMILO K. SALAS: I think we will issue a
14 subpoena to him and ask him to bring all the records
15 pertaining to the E-Rate funds.

16 MR. A.J. BENNAZAR: You do that and we will respond
17 accordingly.

18 MR. CAMILO K. SALAS: I am sure. Now, let me just
19 switch to something else here. In connection with the
20 documents that you provided so that the record can be
21 complete, at some point we will mark the booklet that you
22 gave us last week as Exhibit Number 1. Also, while we are on
23 the subject, we will mark as Exhibit Number 2 the minutes
24 that you provided us today and as Exhibit Number 3 we will
25 print the documents that were in the CD Rom which as far as

1 we are able to tell only includes the 471's for the 5 or 6
2 years, I believe.

3 But does not include any 100's or 1,000's of
4 documents that you have stated here today and as you have
5 represented to the Court on your latest urgent motion to set
6 aside the Contempt Order.

7 If there are more documents that are in that CD or
8 that they were intended to be put in that CD or maybe
9 inadvertently left out, let me know.

10 MR. A.J. BENNAZAR: I will look into it.

11 MR. CAMILO K. SALAS: Because as far as I can tell,
12 we only got the 471's.

13 (AT WHICH TIME DEPOSITION EXHIBITS 1, 2, AND 3 ARE MARKED)
14 Whereupon,

15 **ANIBAL CRUZ PEREZ**

16 Having been dully sworn in on a previous occasion, testified
17 as follows:

18 **DIRECT EXAMINATION**

19 BY MR. CAMILO K. SALAS:

20 Q Let me start from the back, so to speak here. Have
21 you seen this booklet that has been provided to us?

22 A No.

23 MR. CAMILO K. SALAS: Do you have another copy of
24 it by any chance?

25 MR. A.J. BENNAZAR: Not with me. I have one in my

1 office.

2 MR. CAMILO K. SALAS: This is going to make it
3 difficult but let me see if we can do it this way.

4 BY MR. CAMILO K. SALAS:

5 Q On March 19, 2002 you wrote a letter, Mr. Cruz,
6 addressed to the Government Integrity Commission of the
7 Puerto Rico Senate.

8 A U.S. Senate?

9 Q Puerto Rico Senate. Is that a document that you
10 prepared, Mr. Cruz?

11 A I think so.

12 Q Now that you have reviewed the document, why don't
13 you identify it? It is a letter, is it not?

14 A Ah-huh.

15 Q Dated March 19, 2002?

16 A That is correct.

17 Q And what was the purpose of writing that letter?

18 A This is a transmittal letter that was accompanying
19 the documents that were required to me or to my office by
20 this Commission from the Senate and this was like a
21 transmittal letter that accompanied all the documents that I
22 submitted.

23 Q I think if you look at the page right before that
24 one, I think that might be the letter that requested the
25 documents.

1 A Yes, it looks like that is.

2 Q Is that right?

3 A Yes, it is signed by Cirilo Tirado.

4 Q So your office had received a letter from Cirilo
5 Tirado Rivera, President and this came from the "Comisión de
6 Integridad Gubernamental," yes?

7 A Yes.

8 Q And your letter was in response to this letter from
9 the Senate?

10 A It was submitted to the Secretary and then to my
11 office to produce all these documents.

12 Q Now, this letter from the Puerto Rico Senate does
13 not have a date, as I can tell. Do you remember
14 approximately what was the date of that letter or
15 approximately when it was received in the Office of the
16 Secretary and over by your office?

17 A No. The only date that I see in this letter is the
18 19th of March 2002 that is the date that we have to produce
19 the documents. So it should be sometime before that.

20 Q Prior to March 19?

21 A That is correct.

22 Q What I guess I am trying to find out is how much
23 time were you given to produce those documents?

24 A I don't have an answer for that. But it was before
25 the 19th of March.

1 Q Now, those documents were being requested by the
2 Puerto Rico Senate because of an investigation, right?

3 A It looks like.

4 Q Yes. And was there an investigation on DRC?

5 A I don't know. They just made the request for the
6 documents but I don't know if it was an investigation on DRC
7 or if DRC was part of a broader investigation. I don't have
8 that information.

9 Q Do you know how the investigation started?

10 A No, Sir.

11 Q You never inquired?

12 A No, Sir.

13 Q Do you know when the investigation started?

14 A No, Sir.

15 Q Do you know who requested the investigation?

16 A No, Sir.

17 Q In your capacity, in your job even up until today
18 that you are no longer with the Department of Education, you
19 never even asked who requested such investigation?

20 A No, Sir. I was having so many projects going on
21 and working more than 12 hours a day that I just spent my
22 time on whatever was strictly needed on and nothing else.

23 Q Let me just go on to the next page. This is an
24 executive summary of the second visit to USAC on April 26th,
25 2002. Do you know who prepared this document?

1 MR. ALBERTO LOPEZ ROCAFORT: What is the date
2 again?

3 MR. CAMILO K. SALAS: This is the date of the visit
4 to Washington, April 26, 2002.

5 BY MR. CAMILO K. SALAS:

6 A (DEPONENT) Looks like me.

7 Q You prepared that document?

8 A Looks like me.

9 Q All right. Let me just make a copy of this so that
10 I can ask you some questions about this document. But before
11 I do that, with respect to the documents and with the letter
12 of March 19, 2002 that we were talking about just a few
13 minutes ago, do you know who has the documents that you sent
14 to the Puerto Rico Senate together with your transmittal
15 letter of March 19, 2002?

16 A Who has what?

17 Q Those documents. Copies of all these documents.

18 A I mean, in the origin or after I sent them?

19 Q Well, at any time. I would like to get my hands on
20 the copies of those documents.

21 A Well, if I sent this document it was because they
22 were somehow attached to the office where I was the Director
23 so it should be somewhere in the files of that office.

24 Q All right.

25 MR. CAMILO K. SALAS: Counselor, are you willing to

1 give us the documents that go with the letter?

2 MR. A.J. BENNAZAR: I have no objection. There may
3 be a little bit of a logistics problem maybe because my
4 impression is that it was a massive production of documents
5 requested by the Puerto Rico Senate.

6 What we may want to do is stipulate to go to the
7 Puerto Rico Senate and get a copy of whatever was submitted
8 and it may be actually easier than having to do a hunting
9 exercise through the Department. But again, in principle I
10 have no objections at all to you getting those documents.
11 You and I may want to explore which would be the most
12 practical and cost effective way of getting them.

13 MR. CAMILO K. SALAS: It makes no sense for us to
14 have a transmittal letter and not have the real documents
15 that go with it.

16 MR. A.J. BENNAZAR: I understand it's a couple of
17 boxes.

18 MR. CAMILO K. SALAS: And well, the witness says
19 that they were at his office.

20 MR. A.J. BENNAZAR: At some point they were
21 gathered, no question about it and sent over to the Senate.
22 That, I know for a fact. Again, I am telling you we have
23 absolutely no objection to providing you with the documents.
24 I may just need a little time to find out which is the most
25 cost effective way of getting a set.

1 MR. CAMILO K. SALAS: When can we get them?

2 MR. A.J. BENNAZAR: As I sit here, I don't know.
3 Let me go back to the Department of Education.

4 MR. CAMILO K. SALAS: Well, the point I am trying
5 to make here is that the documents that we have been given
6 are all nice and everything but it doesn't get to the meat of
7 the thing, which is in the documents that have been omitted.
8 And we need to have those documents to have an effective
9 deposition with this witness and as well as the other
10 witnesses.

11 So, I am willing to keep going on and on and on and
12 try to get as much information without the documents but as
13 we stated in the prior depositions, we have got to get these
14 documents to be able to do a meaningful discovery in this
15 case.

16 We will talk afterwards and try to come up with
17 some plan to copy these documents. We will be willing to
18 send a copy service if they show us where the documents are.
19 We will copy them. If you want to copy them and send us a
20 bill for the copies, that's fine. Any which way that you
21 wish to do it. I think it's a matter of finding where the
22 boxes are and getting them copied. It can't take more than a
23 few hours.

24 MR. A.J. BENNAZAR: Okay. Today is September 17.
25 You are for the first time asking for a copy of the documents

1 that were provided to the Senate of Puerto Rico, pursuant to
2 an investigation of the Senate of Puerto Rico in March, 2002
3 and I am confirming to you that Mr. César Rey, who I am
4 representing, has no objection to you getting the documents.

5 Since you have just right now asked for them, I
6 cannot give you responsibly an answer as to how or when you
7 can get the copies. But I will certainly make the necessary
8 undertakings to see that you can have access to a copy either
9 by sending a copy service to the Senate, to the Office of
10 Senator Cirilo Tirado or at the Department of Education. We
11 will figure a way.

12 MR. CAMILO K. SALAS: Can we have the same
13 agreement with respect to the documents that were sent to the
14 Puerto Rico's Blue Ribbon Committee?

15 MR. A.J. BENNAZAR: Again, we have absolutely no
16 objection. I have no idea what was sent to the Blue Ribbon
17 Committee. That was before I started representing Secretary
18 Rey, but I will look into it and find the most cost effective
19 way of getting you a set of copies of whatever was sent to
20 the Blue Ribbon Committee, which you are requesting for the
21 first time today.

22 MR. CAMILO K. SALAS: All right, and can we have
23 the same agreement with respect to the documents that were
24 sent to Pedro Goyco Amador, the Chief Prosecuting Attorney of
25 the Commonwealth of Puerto Rico of the Department of Justice?

1 MR. A.J. BENNAZAR: Yes.

2 MR. CAMILO K. SALAS: Let me go and copy the
3 document that I was going to copy a second ago and make
4 copies for everybody so that we can continue. Let's go off
5 the record.

6 OFF THE RECORD

7 After the recess,

8 BY MR. CAMILO K. SALAS:

9 Q Before we get involved in this document, let me ask
10 you a couple of other questions. This is tab 11 and part of
11 the same Exhibit 1. Have you ever seen this document before?
12 I think it is dated January 30 of 2002.

13 A It is possible. I am not sure, but from the best
14 of my recollection is that I might have seen the problem that
15 concerns with...

16 Q With DRC?

17 A With DRC on the office I was directing at that
18 time. But the whole document, I don't have a recollection of
19 that. Maybe the segments that concern in terms of this, is
20 what you need to produce.

21 Q Okay. In the beginning---

22 A At least the content looks familiar to me, this
23 content.

24 Q That is what begins on page 2. Well, first of all
25 let's identify the document. This is a letter dated January

1 30, 2002 addressed to Mrs. Ana Matilde Nin who is the Legal
2 Assessor to the Secretary of Education, is that right?

3 A That is correct.

4 Q And the letter comes from whom? Let's look at the
5 last page.

6 A "Comisión Independiente de Ciudadanos para Evaluar
7 Transacciones Gubernamentales."

8 Q That's what is known as the Blue Ribbon Committee?

9 A You are right.

10 Q And let's look at the last page to see who signs
11 that letter.

12 A Brenda M. León Suárez.

13 Q Executive Director, right?

14 A That is correct.

15 Q So by this letter dated January 30th, 2002 Ms. León
16 Suárez was requesting documents pertaining to DRC and DRC
17 Corporation. Is that not right?

18 A Among others, yes.

19 Q Yes, and you said that you may have seen this
20 document in connection with maybe preparing documents to be
21 produced pertaining to DRC and DRC Corporation?

22 A Maybe not the document, but the content that
23 relates to the copies the office was requested for.

24 Q The point of the matter is that as of January 30th,
25 2002 the Blue Ribbon Committee was already requesting

1 documents pertaining to DRC and DRC Corporation, true?

2 A You are right.

3 Q Now, what I am interested in knowing is when did
4 the Blue Ribbon Committee first become involved in anything
5 having to do with DRC and DRC Corporation, if you know?

6 A No. I don't know.

7 Q Do you know when anybody first sent any requests to
8 the Blue Ribbon Committee to make any investigations
9 concerning DRC and/or DRC Corporation?

10 A Absolutely not.

11 Q You have never been told about that?

12 A Of the request?

13 Q Yes.

14 A No.

15 Q To your knowledge, did the Blue Ribbon Committee at
16 any time investigate DRC and/or DRC Corporation?

17 A As a request from the Blue Ribbon Committee in
18 terms of the OSIATD office to produce documents, I do know
19 because I produced them for the Blue Ribbon Committee. But
20 in terms of somebody making the request to the Blue Ribbon
21 Committee to initiate or conduct an investigation, I don't
22 know.

23 Q And where are the documents that you produced in
24 request of the Blue Ribbon Committee?

25 A The ones that I produced or the source?

1 Q The ones that you produced.

2 A It was sent to the Blue Ribbon Committee through
3 the Office of the Secretary.

4 Q And copies of what was sent were kept there at the
5 Secretary's office?

6 A I don't know. I just produced the package and
7 delivered it. Whatever happened after that, I don't know.

8 Q And you prepared a transmittal letter with the
9 documents that you sent to the Blue Ribbon Committee?

10 A Since I did not submit them directly to the Blue
11 Ribbon Committee, I just prepared the bundle and delivered it
12 to the Office of the Secretary or one of his aids.

13 Q Was there a transmittal of documents that you
14 prepared in the package?

15 A In this one I am not sure because I was not
16 supposed to prepare the transmittal letter.

17 Q And when did you first learn that the Blue Ribbon
18 Committee was in any way investigating DRC and/or DRC
19 Corporation?

20 MR. A.J. BENNAZAR: Objection, it lacks foundation.
21 He said he was not aware if whether the Blue Ribbon Committee
22 was investing DRC. He said that they were just requesting
23 documents that had to do with DRC. He specifically stated he
24 didn't know who they were investigating.

25 BY MR. CAMILO K. SALAS:

1 Q Is that true or it's not, what your Counsel is
2 saying?

3 A Yes.

4 Q Did you at any time learn that the Blue Ribbon
5 Committee was investigating DRC and/or DRC Corporation?

6 A Well, if I was requested to produce documents
7 concerning this DRC information to the Blue Ribbon Committee
8 throughout any of the offices, I can deduct from that. The
9 function of the Blue Ribbon Committee is to investigate, so
10 you can deduct that some sort of investigation should be
11 going on.

12 Q And the first time that you learned about some
13 investigation going on, was when? When you were asked---

14 A When the documents were requested.

15 Q Who asked you to prepare those documents?

16 A I don't remember but most of the communications, if
17 not all, most of them from the Office of the Secretary or
18 they came through from José Santana who was his aid
19 concerning technology or in some cases, very few, from
20 Dr. Collazo. But I would say that almost, if not all, most
21 of them came through José Santana.

22 Q Did you at any time meet with or talk to or give
23 testimony to any members of the Blue Ribbon Committee?

24 A No, Sir.

25 Q Do you know if anybody from the Department of

1 Education ever met with or spoke with or gave testimony to
2 any member or employees of the Blue Ribbon Committee
3 concerning the investigation of DRC and/or DRC Corporation?

4 A No. I don't know. For sure, I know I didn't.

5 Q Do you have any knowledge if anyone at the
6 Department of Education knew before DRC's contracts were
7 canceled by the Department of Education that DRC was being
8 investigated by the Blue Ribbon Committee?

9 A I have to say I don't know but if you see, this
10 Blue Ribbon Committee request was for January the 30th---

11 Q Yes.

12 A And I don't know if the cancellation was after
13 January 30. I don't remember that now but if the date of
14 cancellation was after this one, then somebody should know,
15 but just by deduction of the dates.

16 Q Now let me jump to something else, something that
17 is related. Did you become aware of a press conference by
18 Governor Calderón on January 24th, 2002 during which she
19 stated that the day before she had ordered the cancellation
20 of various contracts that had been named with respect to
21 arrest or involving matters investigated by federal
22 prosecutors?

23 A By the time it was first heard of, no idea. After
24 that when the whole thing, this litigation started, that was
25 one of the first things that I heard but at the time I was so

1 busy that I didn't care about whatever happened out of my
2 office.

3 Q Did you ever receive any type of order or
4 memorandum or directive from either your supervisors, your
5 superiors, from the Secretary of Education or even from the
6 Governor herself or from any of her assistants or her staff
7 directing that the contracts of DRC and/or any other such
8 companies be canceled?

9 A No. That is impossible because that is out of my
10 responsibilities. It didn't happen and it can't happen
11 because that was out of my sight. I can't do that.

12 Q So you would have no knowledge of that?

13 A No, Sir.

14 Q Now, did you ever received any memorandums or any
15 type of communication either from Governor Calderón herself
16 or anyone of her staff or your supervisors whereby Governor
17 Calderón had ordered the investigation of various companies
18 or individuals whose names had been mentioned during various
19 investigations by the federal prosecutors?

20 A No, Sir. Other than the request that we were
21 talking about from the Blue Ribbon Committee and the one that
22 I received from the Senate to produce documents and that's
23 all.

24 Q Do you know if the investigations by the Senate,
25 the Justice Department of Puerto Rico and/or the Blue Ribbon

1 Committee which we know about because of the documents that
2 you have reviewed, originated from Governor Calderón's order
3 that DRC and other similar companies be investigated?

4 A No. I don't know.

5 Q I need to talk about this document, but let me just
6 do one more thing before we get to that. I was provided
7 today with various minutes of the meetings that were held at
8 the Department of Education related at least to DRC and
9 others. Let me show you a copy of this minute, which is
10 dated January 30, of 2002. That is a minute for a meeting
11 that was supposed to take place on January the 30th of 2002,
12 right?

13 A Ah-huh.

14 Q Yes, and that memo indicated that right before the
15 meeting started you gave the order to cancel the meeting. Is
16 that right?

17 A Yes.

18 Q Do you know today why you ordered that meeting to
19 be canceled?

20 A I am not for sure but it must be related that we
21 were preparing for a visit to USAC.

22 Q You had not---

23 A I think I should have been preparing all the
24 information and documents and my defense for USAC to get the
25 funds. So I think that the best of my recollection is that I

1 called for a halt until we talked with the USAC people.

2 Q According to the notes I have, the first
3 presentation with the USAC people was January 15th, 2002 so
4 that would have already happened before January the 30th,
5 2002.

6 A After we came from there, we had to produce
7 additional information to enrich the information we had
8 already provided and we were in a rush in terms of the time.
9 So at that time I was like producing all the information they
10 wanted to have. I think we called to a halt. That is the
11 best of my recollection.

12 Q So those weekly meetings came to a halt after
13 January the 30th of 2002?

14 A I am not sure. I know that I suspended some of
15 them and not only on this occasion but in other occasions I
16 would just say "okay, hold it until we move on and we have
17 something to bring to the table." Since I was not attending
18 myself most of the times, it was Mr. Ramírez that was
19 attending and directing the meetings. But I am not sure of
20 that.

21 Q Your cancellation had nothing to do with the letter
22 that was received from the Blue Ribbon Committee dated
23 January the 30th of the same date?

24 A To the best of my recollection, I don't remember.

25 Q So you don't remember one way or the other?

1 A That is correct.

2 Q So it could be that it was related to the letter
3 dated January 30?

4 A It could be, but I don't remember. It might go one
5 way or the other. I just don't have the recollection.

6 Q Could the cancellation of the January 30, 2002
7 meeting be related in any way to the at least tentative of
8 the cancellation of January 23, 2002 of DRC's contract with
9 the Department of Education?

10 A I can't give a yes or no because I don't remember
11 if that was the reason or not. I think I can figure that it
12 was because we were producing so many things at the same time
13 that I don't remember if that was one of the main reasons or
14 one of the reasons. I don't remember that. I can't say yes
15 and I can't say no.

16 Q Let's then go to the executive summary of the visit
17 to USAC dated April 26th, 2002. Now, according to some of
18 the documents that I have read, it is my understanding that
19 the first visit to USAC was dated January 15th of 2002. Do
20 you recall preparing a similar document to memorialize the
21 discussions that took place with USAC during the first visit?

22 A I am not sure, but I think I did.

23 MR. CAMILO K. SALAS: Counsel, would you be kind
24 enough to provide us with that document?

25 MR. A.J. BENNAZAR: We are going to talk with Dr.

1 Carlos Vidal who is now in charge of that office and produce
2 whatever is under...

3 BY MR. CAMILO K. SALAS:

4 Q Have you any recollections, since we don't have the
5 document here today, have you any recollection about what
6 transpired during the January 15, 2002 meeting?

7 A The one with the USAC people?

8 Q Yes.

9 A Yes. That meeting was in response to the letter of
10 December...

11 Q The McDonald letter?

12 A The McDonald letter. Our main goal in that meeting
13 was to go there and present whatever we had done to recover,
14 I used the word "recover", the project and to show them that
15 we had done a lot of tasks to make the project work, the
16 investments that we were doing at the time and the evidence
17 of our answers to their questions in their letter. And the
18 other things that were in the letter but that we were doing
19 at the time to make the project viable.

20 We made the request for them to liberate the funds
21 that were halted at that time in order that we could move on
22 with the project.

23 Q Do you recall who attended that meeting other than
24 you?

25 A Yes. It was Arnaldo Ramos and Attorney Mrs. Ana

1 Matilde Nin.

2 Q Starting with the second visit, I saw that there
3 were some slide presentations made to USAC. Was a similar
4 presentation made during the first meeting?

5 A I think so.

6 MR. CAMILO K. SALAS: Counsel, would you be kind
7 enough to give us the copies of this live presentation for
8 the first meeting which we did not get?

9 MR. A.J. BENNAZAR: If they are still available.
10 There is my say that I believe it is the same presentation
11 that was updated every time we went to Washington. So there
12 may not be like the set of January and the set of April. It
13 simply... It's a presentation that was developed throughout
14 the entire year, but to the extent that we may have copies I
15 have absolutely no objection to give them to you.

16 MR. CAMILO K. SALAS: Okay.

17 BY MR. CAMILO K. SALAS:

18 Q Were any documents brought up or sent up in advance
19 of the meeting to USAC?

20 A No. To the best of my recollection we brought all
21 the documents with us to the meeting and we delivered the
22 documents to the people that were at that meeting.

23 Q Is there a list of the documents that were
24 delivered at that meeting?

25 A I think so.

1 Q And who would have that?

2 A The office and of course, USAC.

3 Q And the "office" meaning Carlos Vidal's office,
4 currently?

5 A You are right.

6 Q All right. Who did you meet with, out there?

7 A With Mr. McDonald, with McDonald I think that Tom
8 Cline, Charles Walter and there was a lady that was from the
9 FCC but I don't remember the name. She only attended that
10 meeting and after that, she left. Then Mark Seiffer came
11 after her.

12 Q I know you don't have the documents, but if you can
13 help me out and give me whatever you recall from that first
14 meeting.

15 A Well, we made the presentation that was conducted
16 by Arnaldo Ramos and in that presentation we tried to present
17 whatever effort was done in order to make the project viable
18 and working. The findings we had up to that moment and a
19 formal request to the liberation of the funds of I think, was
20 year number 4. Roughly, that was the main interest in that
21 presentation.

22 Q Was the main purpose of this visit to USAC to
23 obtain the release of the year 4 funds?

24 A At the end of the day, yes.

25 Q Now, what was the reason given by USAC if any,

1 during that meeting or as of that meeting, for not releasing
2 the funds?

3 A They referred again to the letter of December.
4 That is why we provided the presentation done by Arnaldo that
5 provides and answers from our part to the concerns that were
6 produced in the letter.

7 Q And I think you testified earlier that the concerns
8 expressed in the December, 2001 letter that Mr. McDonald's
9 letter related to, was an audit that was done much earlier by
10 Arthur Anderson, right?

11 A Yes.

12 Q I think that audit was done even the prior year of
13 2000?

14 A I don't remember, but it was previous.

15 Q Now, during this first meeting with USAC, during
16 your presentation you attempted to show to USAC that you had
17 addressed all of those problems that were outlined in Mr.
18 McDonald's letter?

19 A To the best of our efforts, yes, we did.

20 Q Did the people at USAC pointed specifically to
21 anything or any reason for withholding the funds that was
22 directly related to the work that DRC had performed or had
23 been hired to do for the Department of Education?

24 A Among all the concerns, there was a part that I
25 think that was subject to the project and how the project was

1 deployed by the suppliers. That included DRC and that if we
2 could not connect the schools that were supposed to be
3 connected at that time and that was one of the reasons why
4 the funds were halted at that time and I think they are still
5 on hold. I am not that sure, but I think the funds are still
6 in a halt.

7 For me, it was a mayor concern. I remember at the
8 time I discussed with them what my definition was of a
9 connected school which I have already told you in the
10 previous deposition.

11 Q Again, you have stated just now, I think you
12 stated for the second time that the problems that USAC had
13 were outlined in the McDonald letter, right?

14 A Yes. I might say yes and whatever concerns
15 come out of what they are asking.

16 Q And their concerns, Mr. McDonald's concerns,
17 are based on the report by Arthur Anderson, right?

18 A He mentioned that in the letter but I can't
19 say that all the concerns that he was thinking were based on
20 that.

21 Q All right. So let's look at the McDonald
22 letter, then. Here is the McDonald letter, which is dated
23 December 5, 2002 and this is tab 2 of Exhibit 1.

24 Why don't you take your time to read that letter
25 and let me know if Mr. McDonald had any concerns that were

1 not based on the Arthur Anderson report?

2 A The concerns... There was one set of concerns that
3 came directly from the Anderson report and then there is a
4 second set of concerns that are deducted by, in this case,
5 Mr. McDonald. That as result of the first concern he has
6 other concerns that might be derived from the first concerns
7 that are the ones in the very last part of the paragraph of
8 page number 2. So there are 2 kinds of concerns.

9 Q All right, but neither of those concerns has
10 anything to do with any work that DRC did or failed to do at
11 the schools. Is that not right?

12 A The concerns that come out of Anderson, only talk
13 about the no desktop computers in any of the 2 classrooms
14 they visited and because there were no such computers at
15 these 2 classrooms, they think that there we did not fully
16 meet the educational objectives in case of the training
17 requirements for the students.

18 Q So you agree with me that Mr. McDonald's complaints
19 had nothing to do with any work that DRC either did or did
20 improperly or failed to do in the schools?

21 A In this portion of the letter, yes.

22 Q All right.

23 A But the defense of the case we prepared was in
24 terms of none of the expectations of the operational system
25 in which was supposed to be among the project were real by